

**HORIZON BANCORP**  
**Financial Highlights**  
(Dollars in thousands except share and per share data and ratios, Unaudited)

	June 30	March 31	December 31	September 30	June 30
	2010	2010	2009	2009	2009
<b>Balance sheet:</b>					
Total assets	\$ 1,464,415	\$ 1,301,660	\$ 1,387,020	\$ 1,321,224	\$ 1,343,296
Investment securities	410,284	368,752	344,789	333,031	331,941
Commercial loans	326,401	310,664	314,517	312,573	313,857
Mortgage warehouse loans	156,915	96,327	166,698	145,270	163,083
Residential mortgage loans	168,238	135,475	133,892	142,568	146,096
Installment loans	271,241	266,954	271,210	275,299	272,394
Earning assets	1,360,488	1,200,043	1,249,998	1,228,085	1,250,389
Non-interest bearing deposit accounts	99,291	91,482	84,357	87,725	83,940
Interest bearing transaction accounts	529,612	423,315	540,647	375,548	388,954
Time deposits	394,092	358,725	326,704	394,724	375,256
Borrowings	282,137	273,235	284,016	311,884	349,499
Subordinated debentures	31,446	27,837	27,837	27,837	27,837
Common stockholders' equity	92,127	91,371	90,299	89,566	82,965
Total stockholders' equity	116,512	115,716	114,605	113,833	107,194
<b>Income statement:</b>					
	<b>Three months ended</b>				
Net interest income	\$ 11,368	\$ 10,553	\$ 11,371	\$ 10,719	\$ 11,263
Provision for loan losses	3,000	3,233	3,700	3,416	3,290
Other income	4,923	4,374	4,304	4,542	4,516
Other expenses	10,184	9,554	9,558	8,929	9,928
Income tax expense	592	349	333	559	497
Net income	2,515	1,791	2,084	2,357	2,064
Preferred stock dividend	(352)	(352)	(351)	(351)	(350)
Net income available to common shareholders	2,163	1,439	1,733	2,006	1,714
<b>Per share data:</b>					
Basic earnings per share	\$ 0.66	\$ 0.44	\$ 0.53	\$ 0.62	\$ 0.53
Diluted earnings per share	0.65	0.44	0.53	0.61	0.52
Cash dividends declared per common share	0.17	0.17	0.17	0.17	0.17
Book value per common share	28.10	27.88	27.67	27.46	25.85
Tangible book value per common share	25.39	25.70	25.45	25.22	23.55
Market value - high	\$ 22.81	\$ 19.50	\$ 17.25	\$ 17.50	\$ 19.45
Market value - low	\$ 19.48	\$ 16.44	\$ 14.31	\$ 15.00	\$ 11.00
Basic common shares outstanding	3,278,392	3,270,217	3,262,927	3,245,505	3,209,482
Diluted common shares outstanding	3,333,768	3,293,192	3,275,588	3,273,742	3,270,178
<b>Key ratios:</b>					
Return on average assets	0.75%	0.54%	0.62%	0.72%	0.59%
Return on average common stockholders' equity	9.33	6.34	7.56	9.12	8.01
Net interest margin	3.78	3.55	3.76	3.64	3.51
Loan loss reserve to total loans	1.77	1.97	1.80	1.58	1.40
Non-performing loans to loans	2.26	2.00	1.92	1.87	1.49
Average equity to average assets	8.67	8.73	8.61	8.53	7.80
Bank only capital ratios:					
Tier 1 capital to average assets	8.92	8.83	8.64	8.79	8.22
Tier 1 capital to risk weighted assets	11.78	12.96	11.85	12.04	11.93
Total capital to risk weighted assets	13.02	14.22	13.10	13.29	13.19
<b>Loan data:</b>					
30 to 89 days delinquent	\$ 8,637	\$ 10,926	\$ 9,686	\$ 11,641	\$ 15,369
90 days and greater delinquent - accruing interest	77	345	1,758	856	562
Trouble debt restructures - accruing interest	3,414	1,183	3,472	2,783	2,172
Non-accrual loans	17,682	14,862	11,915	12,834	10,743
Total non-performing loans	21,173	16,390	17,145	16,473	13,477

# HORIZON BANCORP

## Financial Highlights

(Dollars in thousands except share and per share data and ratios, Unaudited)

	June 30 2010	June 30 2009
<b>Balance sheet:</b>		
Total assets	\$ 1,464,415	\$ 1,343,296
Investment securities	410,284	331,941
Commercial loans	326,401	313,857
Mortgage warehouse loans	156,915	163,083
Residential mortgage loans	168,238	146,096
Installment loans	271,241	272,394
Earning assets	1,360,488	1,250,389
Non-interest bearing deposit accounts	99,291	83,940
Interest bearing transaction accounts	529,612	388,954
Time deposits	394,092	375,256
Borrowings	282,137	349,499
Subordinated debentures	31,446	27,837
Common stockholders' equity	92,127	82,965
Total stockholders' equity	116,512	107,194
<b>Income statement:</b>		
	<b>Six months ended</b>	
Net interest income	\$ 21,921	\$ 22,679
Provision for loan losses	6,233	6,487
Other income	9,297	9,010
Other expenses	19,738	19,325
Income tax expense	941	1,178
Net income	4,306	4,699
Preferred stock dividend	(704)	(700)
Net income available to common shareholders	3,602	3,999
<b>Per share data:</b>		
Basic earnings per share	\$ 1.10	\$ 1.25
Diluted earnings per share	1.09	1.22
Cash dividends declared per common share	0.34	0.34
Book value per common share	28.14	25.85
Tangible book value per common share	25.42	23.55
Market value - high	\$ 22.81	\$ 19.45
Market value - low	\$ 16.44	\$ 10.50
Basic common shares outstanding	3,274,327	3,209,482
Diluted common shares outstanding	3,316,671	3,267,314
<b>Key ratios:</b>		
Return on average assets	0.65%	0.69%
Return on average common stockholders' equity	7.86	9.66
Net interest margin	3.66	3.65
Loan loss reserve to total loans	1.77	1.40
Non-performing loans to loans	2.26	1.49
Average equity to average assets	8.69	7.81
Bank only capital ratios:		
Tier 1 capital to average assets	8.92	8.15
Tier 1 capital to risk weighted assets	11.78	11.88
Total capital to risk weighted assets	13.02	13.13
<b>Loan data:</b>		
30 to 89 days delinquent	\$ 8,637	\$ 15,369
90 days and greater delinquent - accruing interest	77	562
Trouble debt restructures - accruing interest	3,414	2,172
Non-accrual loans	17,682	10,743
Total non-performing loans	21,173	13,477

## HORIZON BANCORP

### Allocation of the Allowance for Loan and Lease Losses

(Dollars in Thousands, Unaudited)

	June 30	March 31	December 31	September 30	June 30
	2010	2010	2009	2009	2009
Commercial	\$ 6,204	\$ 6,010	\$ 5,766	\$ 4,699	\$ 3,076
Real estate	1,536	1,444	1,933	1,599	1,511
Mortgage warehousing	1,362	1,390	1,455	1,480	1,453
Installment	7,441	7,276	6,861	6,146	6,609
Unallocated	-	-	-	-	-
<b>Total</b>	<b>\$ 16,543</b>	<b>\$ 16,120</b>	<b>\$ 16,015</b>	<b>\$ 13,924</b>	<b>\$ 12,649</b>

### Net Charge-offs

(Dollars in Thousands, Unaudited)

	Three months ended				
	June 30	March 31	December 31	September 30	June 30
	2010	2010	2009	2009	2009
Commercial	\$ 884	\$ 1,832	\$ 527	\$ 530	\$ 262
Real estate	288	309	146	22	214
Mortgage warehousing	-	-	-	-	-
Installment	1,406	986	936	1,589	1,754
<b>Total</b>	<b>\$ 2,578</b>	<b>\$ 3,127</b>	<b>\$ 1,609</b>	<b>\$ 2,141</b>	<b>\$ 2,230</b>

### Total Non-performing Loans

(Dollars in Thousands, Unaudited)

	June 30	March 31	December 31	September 30	June 30
	2010	2010	2009	2009	2009
Commercial	\$ 9,805	\$ 7,024	\$ 9,229	\$ 9,235	\$ 7,959
Real estate	7,855	6,217	4,819	4,926	3,764
Mortgage warehousing	-	-	-	-	-
Installment	3,513	3,149	3,097	2,312	1,754
<b>Total</b>	<b>\$ 21,173</b>	<b>\$ 16,390</b>	<b>\$ 17,145</b>	<b>\$ 16,473</b>	<b>\$ 13,477</b>

### Other Real Estate Owned and Repossessed Assets

(Dollars in Thousands, Unaudited)

	June 30	March 31	December 31	September 30	June 30
	2010	2010	2009	2009	2009
Commercial	\$ 623	\$ 494	\$ -	\$ -	\$ -
Real estate	2,160	1,581	1,730	1,671	2,212
Mortgage warehousing	-	-	-	-	-
Installment	70	101	23	142	115
<b>Total</b>	<b>\$ 2,853</b>	<b>\$ 2,176</b>	<b>\$ 1,753</b>	<b>\$ 1,813</b>	<b>\$ 2,327</b>

# HORIZON BANCORP

## Loan Portfolio Detail

	Loan	Non-	Percent	Specific	Percent of
June 30, 2010 (Unaudited)	Balance	Performing	of	Reserves on Non -	Non-performing
		Loans	Loans	Performing Loans	Loans
Owner occupied real estate	\$ 144,406	\$ 2,354	1.63%	\$ 75	3.19%
Non owner occupied real estate	114,227	5,640	4.94%	791	14.02%
Residential development	13,267	803	6.05%	125	15.57%
Commercial and industrial	54,501	1,017	1.87%	500	49.16%
Total commercial	326,401	9,814	3.01%	1,491	15.19%
Residential mortgage (includes HFS)	173,428	7,792	4.49%	320	4.11%
Residential construction	7,694	62	0.81%	-	0.00%
Mortgage warehouse	156,915	-	0.00%	-	0.00%
Total mortgage	338,037	7,854	2.32%	320	4.07%
Direct installment	25,668	202	0.79%	579	286.63%
Indirect installment	129,646	1,184	0.91%	22	1.86%
Home equity	115,927	2,119	1.83%	260	12.27%
Total installment	271,241	3,505	1.29%	861	24.56%
<b>Total loans</b>	935,679	21,173	2.26%	2,672	12.62%
Allowance for loan losses	(16,543)				
<b>Net loans</b>	<u>\$ 919,136</u>	<u>\$ 21,173</u>		<u>\$ 2,672</u>	

	Loan	Non-	Percent	Specific	Percent of
December 31, 2009	Balance	Performing	of	Reserves on Non -	Non-performing
		Loans	Loans	Performing Loans	Loans
Owner occupied real estate	\$ 138,999	\$ 3,152	2.27%	\$ 700	22.21%
Non owner occupied real estate	100,502	1,677	1.67%	125	7.45%
Residential development	16,101	2,343	14.55%	125	5.34%
Commercial and industrial	58,915	2,057	3.49%	725	35.25%
Total commercial	314,517	9,229	2.93%	1,675	18.15%
Residential mortgage (includes HFS)	132,172	4,638	3.51%	441	9.51%
Residential construction	7,423	181	2.43%	71	39.29%
Mortgage warehouse	166,698	-	0.00%	-	0.00%
Total mortgage	306,293	4,819	1.57%	512	10.62%
Direct installment	24,908	387	1.55%	-	0.00%
Indirect installment	136,600	1,089	0.80%	95	8.72%
Home equity	109,702	1,621	1.48%	1,188	73.29%
Total installment	271,210	3,097	1.14%	1,283	41.43%
<b>Total loans</b>	892,020	17,145	1.92%	3,470	20.24%
Allowance for loan losses	(16,015)				
<b>Net loans</b>	<u>\$ 876,005</u>	<u>\$ 17,145</u>		<u>\$ 3,470</u>	

# HORIZON BANCORP AND SUBSIDIARIES

## Average Balance Sheets

(Dollar Amounts in Thousands, Unaudited)

	Three Months Ended			Three Months Ended		
	June 30, 2010			June 30, 2009		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
<b>ASSETS</b>						
Interest-earning assets						
Federal funds sold	\$ 10,968	\$ 4	0.15%	\$ 11,247	\$ 7	0.25%
Interest-earning deposits	6,988	4	0.23%	61,369	39	0.25%
Investment securities - taxable	283,883	2,509	3.54%	247,847	2,765	4.47%
Investment securities - non-taxable (1)	110,940	1,078	5.73%	91,812	947	5.52%
Loans receivable (2)	849,296	13,212	6.25%	921,903	15,091	6.57%
Total interest-earning assets (1)	1,262,075	16,807	5.51%	1,334,178	18,849	5.70%
Noninterest-earning assets						
Cash and due from banks	14,904			15,634		
Allowance for loan losses	(16,723)			(11,316)		
Other assets	92,376			72,835		
	<u>\$ 1,352,632</u>			<u>\$ 1,411,331</u>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Interest-bearing liabilities						
Interest-bearing deposits	\$ 840,647	\$ 2,706	1.29%	\$ 851,522	\$ 3,993	1.88%
Borrowings	264,964	2,338	3.54%	329,891	3,222	3.92%
Subordinated debentures	30,181	395	5.25%	27,837	371	5.35%
Total interest-bearing liabilities	1,135,792	5,439	1.92%	1,209,250	7,586	2.52%
Noninterest-bearing liabilities						
Demand deposits	90,301			82,914		
Accrued interest payable and other liabilities	9,216			9,137		
Shareholders' equity	117,323			110,030		
	<u>\$ 1,352,632</u>			<u>\$ 1,411,331</u>		
Net interest income/spread		<u>\$ 11,368</u>	3.59%		<u>\$ 11,263</u>	3.18%
Net interest income as a percent of average interest earning assets (1)			3.78%			3.51%

- (1) Securities balances represent daily average balances for the fair value of securities. The average rate is calculated based on the daily average balance for the amortized cost of securities. The average rate is presented on a tax equivalent basis.
- (2) Includes fees on loans. The inclusion of loan fees does not have a material effect on the average interest rate.

# HORIZON BANCORP AND SUBSIDIARIES

## Average Balance Sheets

(Dollar Amounts in Thousands, Unaudited)

	Six Months Ended			Six Months Ended		
	June 30, 2010			June 30, 2009		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
<b>ASSETS</b>						
Interest-earning assets						
Federal funds sold	\$ 39,431	\$ 13	0.07%	\$ 7,509	\$ 9	0.24%
Interest-earning deposits	5,928	38	1.29%	34,453	44	0.26%
Investment securities - taxable	268,949	4,912	3.68%	246,591	5,607	4.59%
Investment securities - non-taxable (1)	111,604	2,159	5.42%	90,573	1,867	5.54%
Loans receivable (2)	830,429	25,817	6.28%	919,758	29,996	6.58%
Total interest-earning assets (1)	<u>1,256,341</u>	<u>32,939</u>	<u>5.43%</u>	<u>1,298,884</u>	<u>37,523</u>	<u>5.86%</u>
Noninterest-earning assets						
Cash and due from banks	14,381			15,216		
Allowance for loan losses	(16,365)			(11,356)		
Other assets	88,667			76,229		
	<u>\$ 1,343,024</u>			<u>\$ 1,378,973</u>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Interest-bearing liabilities						
Interest-bearing deposits	\$ 834,775	\$ 5,469	1.32%	\$ 818,341	\$ 7,989	1.97%
Borrowings	267,145	4,781	3.61%	334,628	6,114	3.68%
Subordinated debentures	29,015	768	5.34%	27,837	741	5.37%
Total interest-bearing liabilities	<u>1,130,935</u>	<u>11,018</u>	<u>1.96%</u>	<u>1,180,806</u>	<u>14,844</u>	<u>2.54%</u>
Noninterest-bearing liabilities						
Demand deposits	86,501			81,358		
Accrued interest payable and other liabilities	8,822			9,146		
Shareholders' equity	<u>116,766</u>			<u>107,663</u>		
	<u>\$ 1,343,024</u>			<u>\$ 1,378,973</u>		
Net interest income/spread		<u>\$ 21,921</u>	<u>3.46%</u>		<u>\$ 22,679</u>	<u>3.32%</u>
Net interest income as a percent of average interest earning assets (1)			<u>3.66%</u>			<u>3.65%</u>

- (1) Securities balances represent daily average balances for the fair value of securities. The average rate is calculated based on the daily average balance for the amortized cost of securities. The average rate is presented on a tax equivalent basis.
- (2) Includes fees on loans. The inclusion of loan fees does not have a material effect on the average interest rate.

## HORIZON BANCORP AND SUBSIDIARIES

### Condensed Consolidated Balance Sheets

(Dollar Amounts in Thousands)

	June 30	December 31
	2010	2009
	(Unaudited)	
<b>Assets</b>		
Cash and due from banks	\$ 25,216	\$ 68,702
Investment securities, available for sale	396,527	333,132
Investment securities, held to maturity	13,757	11,657
Loans held for sale	12,884	5,703
Loans, net of allowance for loan losses of \$16,543 and \$16,015	906,252	870,302
Premises and equipment	34,458	30,534
Federal Reserve and Federal Home Loan Bank stock	14,525	13,189
Goodwill	5,910	5,787
Other intangible assets	2,970	1,447
Interest receivable	6,583	5,986
Cash value life insurance	26,778	23,139
Other assets	18,555	17,442
Total assets	<b>\$ 1,464,415</b>	<b>\$ 1,387,020</b>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 99,291	\$ 84,357
Interest bearing	923,704	867,351
Total deposits	1,022,995	951,708
Borrowings	282,137	284,016
Subordinated debentures	31,446	27,837
Interest payable	1,015	1,135
Other liabilities	10,310	7,719
Total liabilities	1,347,903	1,272,415
<b>Commitments and contingent liabilities</b>		
<b>Stockholders' Equity</b>		
Preferred stock, no par value, \$1,000 liquidation value		
Authorized, 1,000,000 shares		
Issued 25,000 shares	24,385	24,306
Common stock, \$.2222 stated value		
Authorized, 22,500,000 shares		
Issued, 3,300,087 and 3,273,881 shares	1,122	1,119
Additional paid-in capital	10,253	10,030
Retained earnings	75,916	73,431
Accumulated other comprehensive income	4,836	5,719
Total stockholders' equity	116,512	114,605
Total liabilities and stockholders' equity	<b>\$ 1,464,415</b>	<b>\$ 1,387,020</b>

**HORIZON BANCORP AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Income**  
(Dollar Amounts in Thousands, Except Per Share Data)

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Interest Income</b>				
Loans receivable	\$ 13,212	\$ 15,091	\$ 25,817	\$ 29,996
Investment securities				
Taxable	2,517	2,811	4,963	5,660
Tax exempt	1,078	947	2,159	1,867
Total interest income	<b>16,807</b>	18,849	<b>32,939</b>	37,523
<b>Interest Expense</b>				
Deposits	2,706	3,993	5,469	7,989
Borrowed funds	2,338	3,222	4,781	6,114
Subordinated debentures	395	371	768	741
Total interest expense	<b>5,439</b>	7,586	<b>11,018</b>	14,844
<b>Net Interest Income</b>	<b>11,368</b>	11,263	<b>21,921</b>	22,679
Provision for loan losses	3,000	3,290	6,233	6,487
<b>Net Interest Income after Provision for Loan Losses</b>	<b>8,368</b>	7,973	<b>15,688</b>	16,192
<b>Other Income</b>				
Service charges on deposit accounts	964	974	1,829	1,908
Wire transfer fees	185	261	325	508
Interchange fees	560	456	1,014	844
Fiduciary activities	1,007	824	2,002	1,741
Gain (loss) on sale of securities	131	-	131	-
Gain on sale of mortgage loans	1,674	1,671	3,056	3,584
Mortgage servicing net of impairment	(97)	(32)	(32)	(166)
Increase in cash surrender value of bank owned life insurance	197	185	353	341
Other income	302	177	619	250
Total other income	<b>4,923</b>	4,516	<b>9,297</b>	9,010
<b>Other Expenses</b>				
Salaries and employee benefits	5,190	4,894	9,988	9,725
Net occupancy expenses	979	899	2,041	1,931
Data processing	570	396	972	775
Professional fees	530	310	1,001	705
Outside services and consultants	424	351	789	677
Loan expense	771	644	1,521	1,210
FDIC insurance expense	408	1,059	796	1,351
Other losses	10	82	37	467
Other expenses	1,302	1,293	2,593	2,484
Total other expenses	<b>10,184</b>	9,928	<b>19,738</b>	19,325
<b>Income Before Income Tax</b>	<b>3,107</b>	2,561	<b>5,247</b>	5,877
Income tax expense	592	497	941	1,178
<b>Net Income</b>	<b>2,515</b>	2,064	<b>4,306</b>	4,699
Preferred stock dividend and discount accretion	(352)	(350)	(704)	(700)
<b>Net Income Available to Common Shareholders</b>	<b>\$ 2,163</b>	<b>\$ 1,714</b>	<b>\$ 3,602</b>	<b>\$ 3,999</b>
<b>Basic Earnings Per Share</b>	<b>\$ 0.66</b>	<b>\$ 0.53</b>	<b>\$ 1.10</b>	<b>\$ 1.25</b>
<b>Diluted Earnings Per Share</b>	<b>\$ 0.65</b>	<b>\$ 0.52</b>	<b>\$ 1.09</b>	<b>\$ 1.22</b>